

ISSUE DATE: May 3, 1999

DOCKET NO. E-002/RP-98-32

ORDER GRANTING AND DENYING PETITIONS FOR RECONSIDERATION AND  
AMENDING ORDER LANGUAGE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey  
Joel Jacobs  
Marshall Johnson  
LeRoy Koppendrayner  
Gregory Scott

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Application of Northern  
States Power Company for Approval of its  
1998 Resource Plan

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**PROCEDURAL HISTORY**

On February 17, 1999 the Commission issued an Order in this case titled ORDER MODIFYING RESOURCE PLAN, REQUIRING ADDITIONAL WIND GENERATION, REQUIRING FURTHER FILINGS, AND SETTING STANDARDS FOR NEXT RESOURCE PLAN FILING.

On March 8, 1999 the North American Water Office (NAWO) filed a petition for reconsideration. On March 9, 1999 Northern States Power Company (NSP) filed a petition for reconsideration and clarification.

On March 17 and 19, 1999 the Department of Public Service filed comments recommending, respectively, denying NAWO's petition and granting NSP's. On March 18, 1999 NSP filed comments urging denial of the NAWO petition.

On April 22, 1999 the matter came before the Commission. The Commission heard oral argument from all parties wishing to speak.

Having reviewed the record and having heard the arguments of the parties, the Commission makes the followings findings, conclusions, and Order.

**FINDINGS AND CONCLUSIONS**

**I. The NAWO Petition**

NAWO sought reconsideration on three issues:

- (1) the determination that the Company's revised full core offload plan did not violate any applicable statutory or regulatory directive;
- (2) the determination that the Company acted reasonably in delaying its preparation

of a detailed plan and Request for Proposals to replace the output of the Prairie Island nuclear plant;

(3) the decision not to launch a Commission investigation into the environmental, socioeconomic, and cultural impact of the operations of the Manitoba Hydro Electric Board on the Pimicikamak Cree Nation, but to require NSP to monitor the situation instead.

The Commission finds that this petition does not raise new issues, does not point to new and relevant evidence, does not expose errors or ambiguities in the original Order, and does not otherwise persuade the Commission that it should rethink its original decision. The Commission concludes that the original decision is the one most consistent with the facts, the law, and the public interest and will deny the petition.

## **II. The NSP Petition**

NSP secures new generation resources through competitive bidding. The February 17 Order required the Company to work with stakeholders to develop an all source bidding process that is unbiased in its treatment of renewable technologies, and to file a description of that process at least 90 days before filing any Request for Proposals for new generation. If an unbiased all source bidding process proved unattainable, the Order permitted the Company to file a letter so stating.

The Company requested reconsideration to permit it to proceed with its 1999 competitive bidding schedule, whether or not the stakeholder work group had finished developing an unbiased all source bidding process. The Company believed that developing a truly unbiased process could take months, delaying its 1999 bidding to the point of jeopardizing supplies needed in 2003-2005. Instead, the Company proposed to postpone the filing deadline to the 2000 competitive bidding cycle and to file a report detailing the progress of the stakeholder work group with its 1999 Request for Proposals.

The Department of Public Service supported the Company's petition. The Department agreed that developing an unbiased all source bidding process was a complex project that should not be rushed. The agency also agreed that the Company must contract for at least some new generation during 1999 to maintain reliability through 2003. At the same time, the Department reserved its right to challenge the outcome of the 1999 bidding process, should it unreasonably restrict the ability of renewable technologies to compete in future bidding cycles.

The Commission agrees that the filing requirement should be deferred until the 2000 bidding cycle. Forcing a filing in 1999 could prevent the Company from meeting future capacity needs or encourage the Company to declare an early stalemate in stakeholder efforts to construct an unbiased bidding process. Neither prospect is acceptable. The first violates the original charge of the Public Utilities Act; the second violates the Act's more recent commitment to developing renewable energy resources. Minn. Stat. §§ 216B.01; 216B.2422.

It is more important for the stakeholders to have every opportunity to succeed in developing an unbiased all source bidding process than it is for them to conclude their work before the 1999 competitive bidding cycle. Bringing renewable generation technologies into the mainstream is a broad, long term policy goal. It will be accomplished only by achieving narrower, more immediate goals, such as developing an unbiased all source bidding process. Giving each of these

goals their best chance for success is critical to the success of the larger mission.

The Commission will therefore grant the petition.

### **ORDER**

1. The petition for reconsideration filed by the North American Water Office is hereby denied.
2. The petition for reconsideration and clarification filed by Northern States Power Company is hereby granted.
3. Ordering paragraph 9 of the February 17 Order in this docket is hereby amended to read as follows:

*NSP shall work with interested parties to develop an all source competitive bidding process that is unbiased in its treatment of renewable forms of energy generation and shall file a description of that process at least 90 days before filing a Request for Proposals for generation resources scheduled for 2000. If an unbiased all source competitive bidding process cannot be achieved, NSP shall file a letter so stating at least 90 days before filing a Request for Proposals for 2000. NSP shall file a report describing the status of discussions with its all source RFP scheduled for 1999.*

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)

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